



Process Analysis Summary: Institutional Eligibility

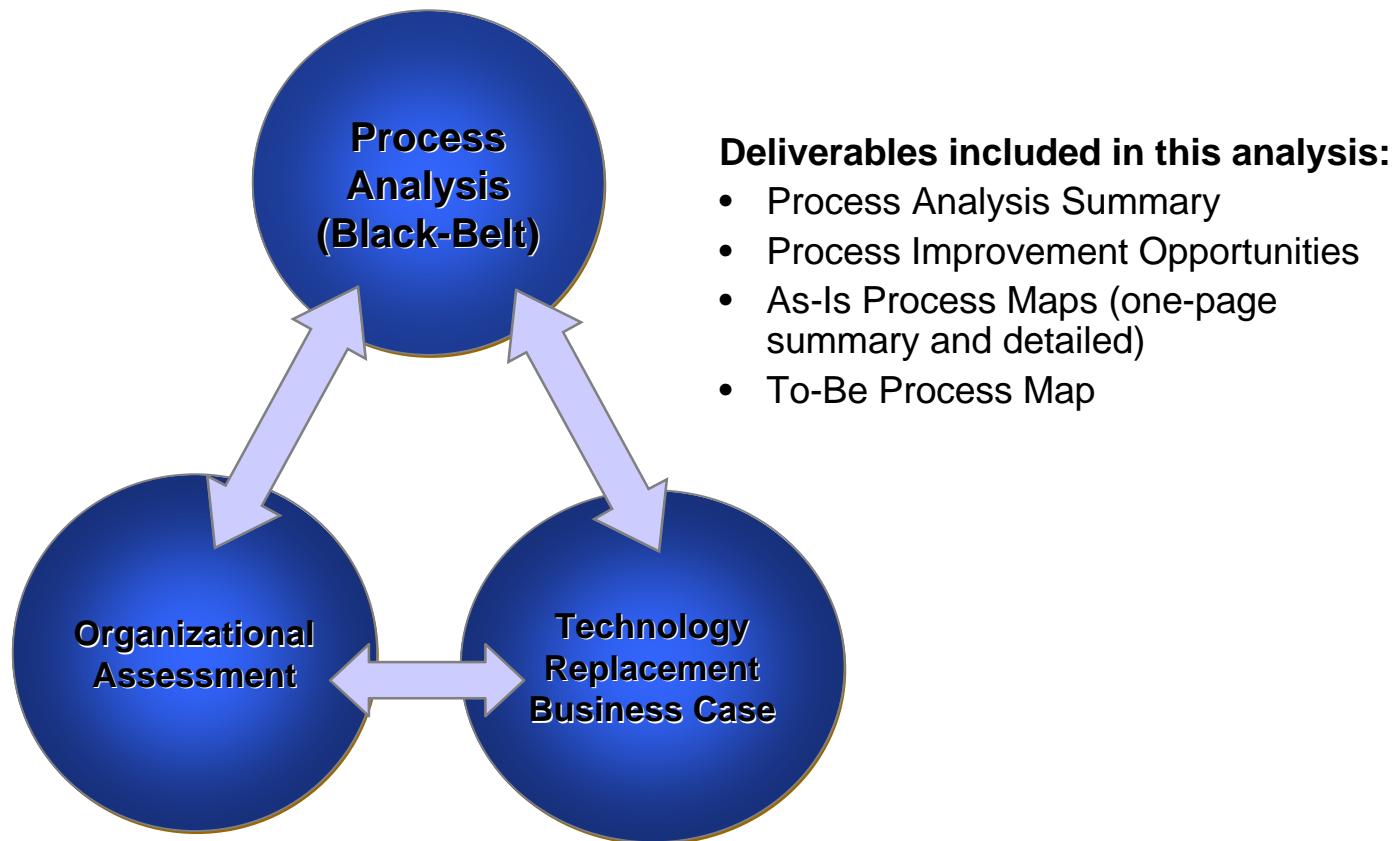
Schools Leadership Discussion

August 2001

64.1.3 – Debt Collections /
Management Assessment

Context of Analysis

Process Analysis (Black-Belt) complements other on-going projects at the SFA Modernization Program. This analysis focuses on improving the internal processes which add value to the end customer.



Expectations of Analysis

Objective: This two-week analysis is meant to provide an understanding of the current Institutional Eligibility process area as well as identify a number of improvement opportunities which provide the greatest potential cost impact. These improvement opportunities are not intended as recommendations, but should be used to set priorities for future, more detailed analysis which can result in implementation of expected savings.

In Scope For This Analysis:

- Creation of Current State (As-Is) process maps showing E-Apps, Audits, Financial Statements, and Program Reviews from arrival until completion
- Creation of Future State (To-Be) process maps showing process improvement opportunities
- Collection of readily available data
- Estimations of annual savings for each savings opportunity (where possible)

Out of Scope For This Analysis:

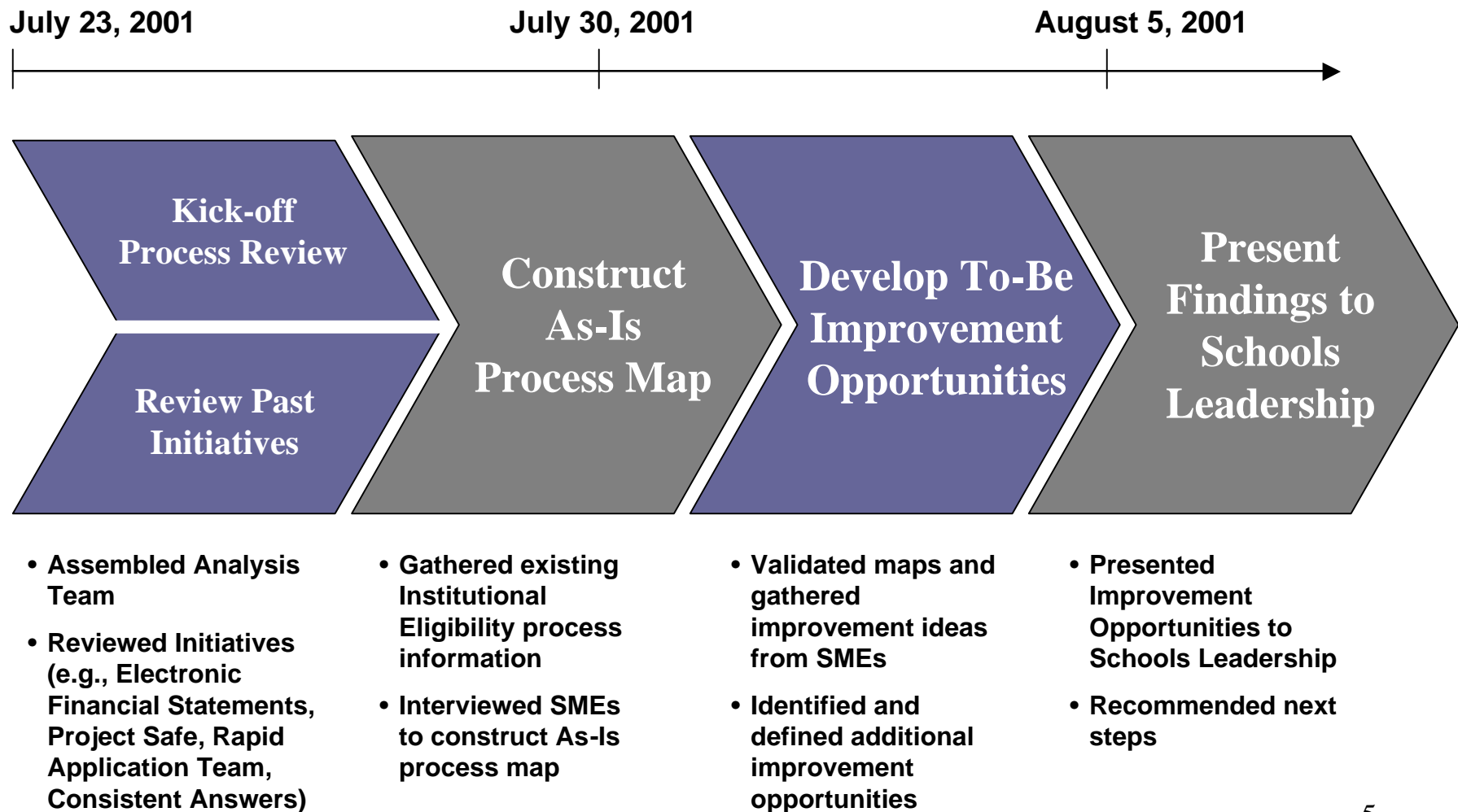
- Extensive data collection efforts (i.e., time-and-motion studies, statistical sampling, difficult research, etc.)
- Contractor processes
- Technical Assistance process
- New School Applications, School Closings (which are variations of the E-App process; not covered due to small volume and expected limited impact to cost savings)
- Appeals process for OHA, OGC

Acknowledgements

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- Randy Wolff
- Cricket Hosier
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- Patricia McAlister
- Jean Kelly
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- Sherry Quade
- Toni Gaines
- Shane Dunne
- Sue Dolson
- Howard Fenton

Chronology of Events



Improvement Information Provided

Fifteen improvement opportunities have been grouped into three themes:

1. Increased Process Effectiveness
2. Improved Analysis Capabilities
3. Streamlined Processes

Each improvement opportunity shown here:

- Describes the nature of the change required to obtain the savings
- Provides a high level indication of the cost driver impact
- Identifies the relative difficulty of implementation
- Establishes an initial estimate of the annual operational savings or collections potential, once implemented

Due to the integrated nature of the analysis, it is expected that overlaps in savings estimates must be de-conflicted.

The contents has been reviewed but the details require significant additional verification and coordination with SFA. They represent an initial pass at potential areas for cost savings, increased customer service and employee satisfaction.

Improvement Opportunities

1. Increased Process Effectiveness

Number	Savings Opportunity	Description	Cost Driver Impact	Difficulty of Implementation	Initiative Best Aligned With	Indicative Annual Savings
1.1	Accept Financial Statements and Audits on Web	Allow schools/auditors to submit financial statements/audits electronically over the internet; system will validate data upon entry and immediately identify missing info.	<ul style="list-style-type: none"> • increased customer and employee satisfaction • reduced unit costs • reduced cycle times 	MEDIUM	Electronic Financial Statements	\$4,000,000
1.2	Electronic Imaging	Implement an electronic imaging system which allows paper documents to be scanned and worked electronically.	<ul style="list-style-type: none"> • reduced cycle times • increased customer and employee satisfaction 	HIGH	Consistent Answers	\$1,320,000
1.3	Electronic Correspondence / Notification Schools	Send an electronic one page addendum with e-signature to schools identifying the period that they are certified for and when to reapply for re-certification.	<ul style="list-style-type: none"> • reduced unit costs • increased customer satisfaction 	HIGH	Consistent Answers	\$1,110,000

* Difficulty of Implementation:

- Low: involves contract modification, advertisement for increased awareness, etc.
- Medium: requires technology implementation, etc.
- High: needs political/ regulatory intervention, major organizational/ process re-engineering, etc.

Improvement Opportunities

1. Increased Process Effectiveness (continued)

Number	Savings Opportunity	Description	Cost Driver Impact	Difficulty of Implementation	Initiative Best Aligned With	Indicative Annual Savings
1.4	Implement E-Signatures	Empowering Case Team members with e-signature capability will allow immediate approval of documentation without delay. To ensure quality, supervisors would randomly sample the documentation and fix potential problems earlier in the process lifecycle.	<ul style="list-style-type: none"> • reduced cycle times • increased customer and employee satisfaction 	MEDIUM	Consistent Answers-Workflow	\$1,250,000
1.5	Accept Supporting Documents Electronically	Allow schools to submit licenses, supporting documents, verifications with accrediting agencies, etc. online so Case Teams can process applications more timely. Enhance PEPS to allow updating of individual Sections of the E-App by schools, rather than the entire application.	<ul style="list-style-type: none"> • Increased customer and employee satisfaction • Reduced unit costs • Reduced cycle times 	MEDIUM	SAFE	\$940,000

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Improvement Opportunities

1. Increased Process Effectiveness (continued)

Number	Savings Opportunity	Description	Cost Driver Impact	Difficulty of Implementation	Initiative Best Aligned With	Indicative Annual Savings
1.6	Centralize Data and Implement Workflow System	Replace multiple information systems with a single system accessible to all regions and customers; eliminate redundant databases such as Lotus Notes; allow individual fields to be updateable by schools, rather than the entire record.	<ul style="list-style-type: none"> • reduced unit costs • increased employee and customer satisfaction • reduced cycle times 	MEDIUM	Consistent Answers	TBD

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Improvement Opportunities

2. Improved Analysis Capabilities

Number	Savings Opportunity	Description	Cost Driver Impact	Difficulty of Implementation	Initiative Best Aligned With	Indicative Annual Savings
2.1	Generate Level 1 Research Report	Generate a report that pulls all pertinent review information from various subsystems before the analyst begins their review; automatically verify data and check for additional review criteria, such as flags and deficiencies.	<ul style="list-style-type: none"> • increased employee and customer satisfaction • reduced unit costs • reduced cycle times 	MEDIUM	Consistent Answers	\$2,800,000
2.2	Automate Analysis	Reduce number or effort of manual screenings by utilizing technology which can scan audits and financial statements automatically and flag those requiring further (manual) review.	<ul style="list-style-type: none"> • increased employee satisfaction • reduced unit costs and cycle times 	MEDIUM	Electronic Financial Statements	\$2,500,000

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Improvement Opportunities

2. Improved Analysis Capabilities (continued)

Number	Savings Opportunity	Description	Cost Driver Impact	Difficulty of Implementation	Initiative Best Aligned With	Indicative Annual Savings
2.3	Evaluate Financial Statements Flags	Eliminate the flags which have no bearing on the final outcome (i.e., change in auditor); reduce technicalities; allow Case Team to document issues and proceed with analysis.	<ul style="list-style-type: none"> • increased employee satisfaction • reduced unit costs 	LOW	Electronic Financial Statements	\$560,000
2.4	Provide Online Guide	Provide an online help guide which taps into the existing Code of Federal Regulations with a search engine.	<ul style="list-style-type: none"> • increased employee satisfaction • reduced unit costs 	MEDIUM	Electronic Financial Statements / Consistent Answers	\$300,000

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Improvement Opportunities

3. Streamlined Processes

Number	Savings Opportunity	Description	Cost Driver Impact	Difficulty of Implementation	Initiative Best Aligned With	Indicative Annual Savings
3.1	Streamline Financial Review of Public Schools	Eliminate requirement of submission of financial statements for public schools; accept Public Letter and ensure it is on file.	<ul style="list-style-type: none"> • Reduced unit costs • Increased employee satisfaction 	LOW	Electronic Financial Statements	\$2,000,000
3.2	Streamline On-Site Program Reviews	Have student records shipped/faxed and desk review student records prior to visiting schools; on-site time only needed for resolving issues.	<ul style="list-style-type: none"> • reduced cycle times • increased employee satisfaction 	LOW	SAFE	\$830,000
3.3	Accelerate Re-Certification Process	Schools go through an accelerated process based upon criteria, such as: probability score < 50, financial responsibility met, no significant complaints, no outstanding liabilities, etc.	<ul style="list-style-type: none"> • reduced unit costs • increased employee satisfaction 	HIGH	SAFE	\$560,000

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Improvement Opportunities

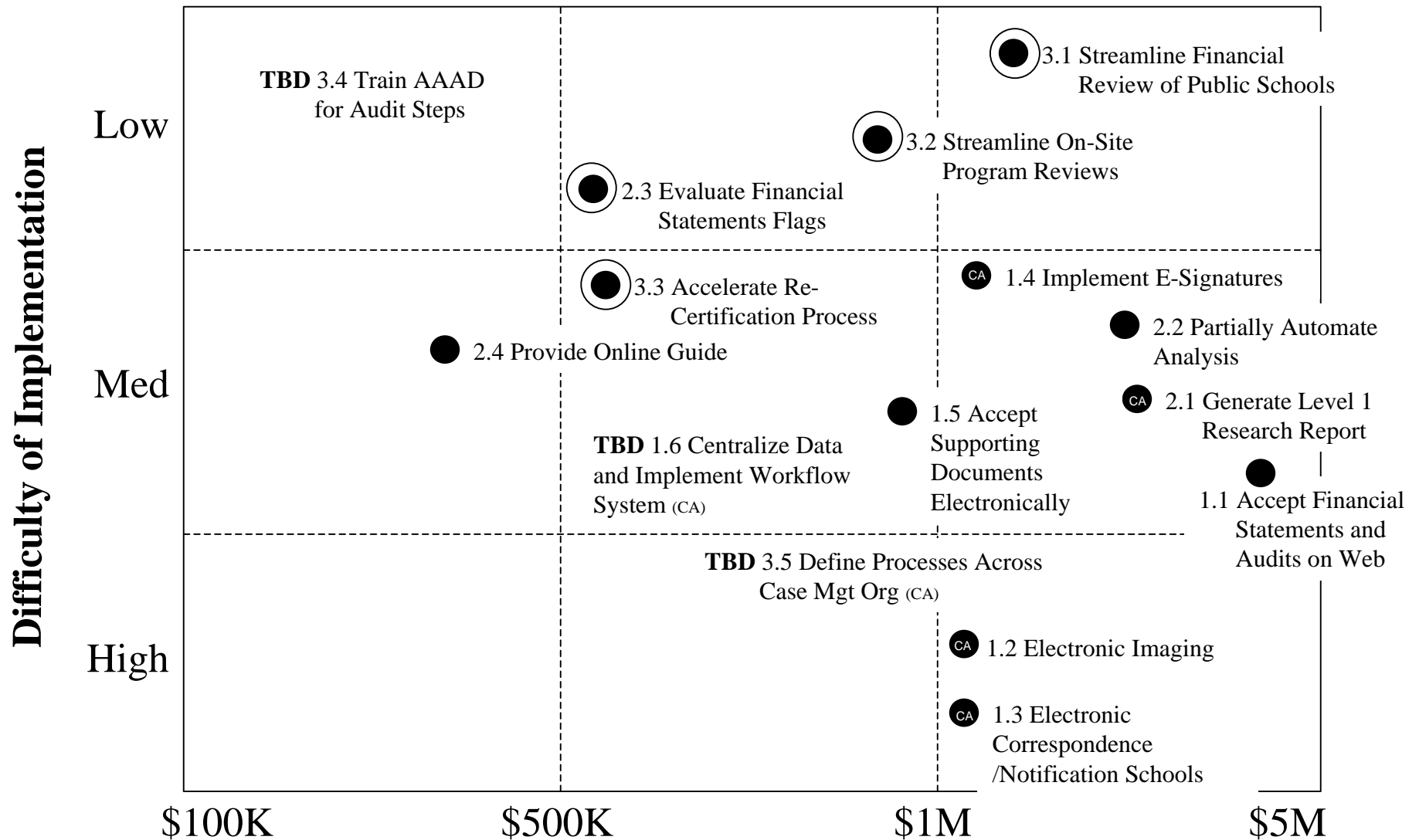
3. Streamlined Processes (continued)

Number	Savings Opportunity	Description	Cost Driver Impact	Difficulty of Implementation	Initiative Best Aligned With	Indicative Annual Savings
3.4	Train AAAD for Audit Steps	Train AAAD to perform audit data entry and analyze school appeals (e.g., amend DDIF and ACDs).	<ul style="list-style-type: none"> Reduced cycle times 	LOW	SAFE	TBD
3.5	Define Processes Across Case Mgt Organization	Develop standard processes, life cycles and process tailoring guidelines that improve performance across the Case Management organization.	<ul style="list-style-type: none"> increased employee satisfaction reduced cycle times 	HIGH	SAFE	TBD

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Evaluating Improvement Opportunities



Indicative Annual Savings/Collections

(Does not include development/ implementation costs)

Improvement Themes

		Impact to Cost Drivers			
Improvement Themes	Description	Increase Customer Satisfaction	Increase Employee Satisfaction	Decrease Unit Cost	Weighted Impact *
1. Increased Process Effectiveness	Improve efficiency and quality of information arriving to Case Teams using enabling technologies	H	H	H	H
2. Improved Analysis Capabilities	Provide tools which can reduce analysis time and simultaneously improve analysis quality	L	H	M	M
3. Streamlined Processes	Reduce process effort and variability with internal organizational changes	L	M	H	M

* Real Impact determined by weighing performance goals: Increase Customer Satisfaction (1.0)
Decrease Unit Costs (2.0), Increase Employee Satisfaction (1.0)

Suggested Next Steps

Next steps with Institutional Eligibility process:

- Select appropriate savings opportunities for immediate action
 - Refine / verify processes and unit cost estimates through process decomposition
 - Determine cost to do the work to achieve the savings
 - If necessary, create dynamic prototype (i.e., simulation) of future state to assess performance and risk before implementation
- Investigate effort associated with Technical Assistance, New School Applications, and School Closings (not analyzed due to small volume and expected limited impact to cost savings)
- Determine the correct workload balance for resources in coming fiscal years (according to work projections)

Accuracy of Estimates

- Rapid review performed based on available data and subjective approximations from Subject Matter Experts
- Savings are indicative only and should be used for prioritizing goals
- Additional work required to confirm actual savings as additional effort is performed
- Numeric data was sometimes rounded off to simplify calculations